

HOUSE BILL No. 1414

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4; IC 6-2.5-6-10.2.

Synopsis: Compressed natural gas incentives. Allows the office of energy and defense development (office) to award grants to certain businesses and local government units that make qualified investments after June 30, 2009, to install and place into service compressed natural gas (CNG) compatible fueling stations in Indiana. Provides that not more than one grant may be awarded for a single location. Provides that the amount of a grant awarded for a location may not exceed the lesser of: (1) the amount of the grant recipient's qualified investment for the location; or (2) \$20,000. Provides that the amount of a grant awarded for a location may be less than the amount of the grant recipient's qualified investment for the location. Provides that the total amount of grants awarded for all state fiscal years may not exceed \$1,000,000. Establishes the CNG fueling station grant fund to award the grants, and provides that the office shall administer the fund. Allows the office to award grants to certain local government units that make qualified purchases after June 30, 2009, of: (1) one or more CNG vehicles; or (2) one or more CNG conversion kits. Provides that not more than one grant may be awarded to any one unit. Provides that the amount of a grant that may be awarded to a unit is the sum of: (1) \$2,000 multiplied by the number of CNG vehicles purchased; plus (2) for each CNG conversion kit purchased, an amount equal to the lesser of \$2,000 or the actual cost of the conversion kit. Provides that the office may limit number of CNG vehicles or CNG conversion kits for which a unit may receive a grant. Provides that the total amount of grants awarded for all units may not exceed \$1,000,000. Establishes the local unit CNG
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Effective: July 1, 2009.

Koch

January 13, 2009, read first time and referred to Committee on Commerce, Energy, Technology and Utilities.



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vehicle grant fund to award the grants. Provides that the office shall administer the fund. Provides that for reporting periods ending before July 1, 2022, in addition to the retail merchant's collection allowance and certain other amounts that a retail merchant is entitled to deduct and retain, a retail merchant is entitled to deduct and retain from the retail merchant's state gross retail and use tax remittances the product of: (1) \$0.18; multiplied by (2) the number of units of CNG sold at retail by the retail merchant during the reporting period for which the remittance is made. Provides that the total amount of deductions allowed may not exceed \$1,000,000 for all retail merchants in all reporting periods. Makes an appropriation.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1414

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-4-32.2 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2009]:

4 **Chapter 32.2. Compressed Natural Gas Fueling Station Grant**
5 **Program**

6 **Sec. 1. As used in this chapter, "compressed natural gas", or**
7 **"CNG", means a compressed natural gas product used in an**
8 **internal combustion engine or a motor to propel a motor vehicle.**
9 **The term includes all forms of fuel commonly or commercially**
10 **known or sold as compressed natural gas.**

11 **Sec. 2. As used in this chapter, "CNG compatible", with respect**
12 **to a fueling station, means capable of storing and delivering CNG**
13 **in conformance with any governmental or other nationally**
14 **recognized standards that apply to the storage and handling of**
15 **CNG, as determined under standards adopted by the office under**



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section 12(1) of this chapter.

Sec. 3. As used in this chapter, "fueling station" refers to tangible property (other than a building and its structural components) that:

(1) consists of:

(A) a tank or other storage unit;

(B) a pump or other dispensing equipment; and

(C) other components; and

(2) is used by:

(A) a person engaged in the business of selling motor fuel at retail, to enable motor fuel to be dispensed directly into the fuel tank of a customer's motor vehicle;

(B) a person engaged in a business other than a business described in clause (A), to enable motor fuel to be dispensed directly into the fuel tank of a motor vehicle, if the fueling station is accessible to members of the public; or

(C) a unit, to enable motor fuel to be dispensed directly into the fuel tank of a motor vehicle, regardless of whether the fueling station is accessible to members of the public.

Sec. 4. As used in this chapter, "location" refers to one (1) or more parcels of land that:

(1) have a common access to a public highway; and

(2) are or would appear to the reasonable person making an observation from a public highway to be part of the same business.

Sec. 5. (a) As used in this chapter, "motor fuel" has the meaning set forth in IC 6-6-4.1-1(g).

(b) The term includes CNG.

Sec. 6. As used in this chapter, "motor vehicle" has the meaning set forth in IC 15-11-11-4.

Sec. 7. As used in this chapter, "office" refers to the office of energy and defense development.

Sec. 8. As used in this chapter, "qualified investment" refers to an ordinary and usual expense that is incurred after June 30, 2009, to purchase any part of a CNG compatible fueling station for the purpose of:

(1) installing a new CNG compatible fueling station at a location on which a fueling station is not located; or

(2) replacing an existing fueling station that is not a CNG compatible fueling station with a fueling station that is a CNG compatible fueling station.

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1 **Sec. 9.** As used in this chapter, "unit" means a county, city,
2 town, township, or school corporation.

3 **Sec. 10. (a)** Subject to subsections (b) and (c), the office may
4 award a grant under this chapter to a person or unit that:

5 (1) makes a qualified investment; and

6 (2) places the qualified investment in service;
7 in Indiana for the dispensing of CNG into the fuel tanks of motor
8 vehicles.

9 (b) A recipient of a grant awarded under this chapter must
10 comply with any guidelines developed by the office in connection
11 with grants awarded under this chapter.

12 (c) The office may not award more than one (1) grant under this
13 chapter for a single location.

14 **Sec. 11. (a)** Subject to subsection (b) and section 13 of this
15 chapter, the office shall determine the amount of each grant
16 awarded under this chapter.

17 (b) The amount of a grant awarded under this chapter for a
18 location may not exceed the lesser of the following:

19 (1) The amount of the grant recipient's qualified investment
20 for the location.

21 (2) Twenty thousand dollars (\$20,000).

22 (c) The amount of a grant awarded under this chapter for a
23 location may be less than the amount of the grant recipient's
24 qualified investment for the location.

25 **Sec. 12.** The office shall do the following:

26 (1) Adopt guidelines to determine standards for awarding
27 grants under this chapter, including standards for
28 determining whether a fueling station complies with
29 applicable governmental or other nationally recognized
30 standards that apply to the storage and handling of CNG.

31 (2) Prepare and supervise the issuance of public information
32 concerning the grant program established under this chapter.

33 (3) Prescribe the form for and regulate the submission of
34 applications for grants under this chapter.

35 (4) Determine an applicant's eligibility for a grant under this
36 chapter.

37 **Sec. 13.** The total amount of grants awarded under this chapter
38 for all state fiscal years may not exceed one million dollars
39 (\$1,000,000).

40 **Sec. 14. (a)** The CNG fueling station grant fund is established to
41 provide grants under this chapter. The fund shall be administered
42 by the office.

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(b) The fund consists of:

- (1) money appropriated to the fund by the general assembly;
- (2) money received from state or federal grants or programs for alternative fuels projects; and
- (3) donations, gifts, and money received from any other source, including transfers from other funds or accounts.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for purposes of this chapter.

(e) Money in the fund is continuously appropriated for the purposes of this chapter.

Sec. 15. A grant awarded under this chapter is not subject to taxation under IC 6-3-1 through IC 6-3-7.

Sec. 16. A grant awarded under this chapter does not reduce the basis of the qualified property for purposes of determining any gain or loss on the property when the grant recipient disposes of the property.

SECTION 2. IC 4-4-32.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

Chapter 32.3. Compressed Natural Gas Vehicle Grant Program for Local Units

Sec. 1. As used in this chapter, "compressed natural gas", or "CNG", means a compressed natural gas product used in an internal combustion engine or a motor to propel a motor vehicle (as defined in IC 15-11-11-4). The term includes all forms of fuel commonly or commercially known or sold as compressed natural gas.

Sec. 2. As used in this chapter, "CNG conversion kit" means any equipment used to convert a motor vehicle (as defined in IC 15-11-11-4) that is not a CNG vehicle into a CNG vehicle, in conformance with any applicable governmental or other nationally recognized safety or design standards, as determined under standards adopted by the office under section 8(1) of this chapter.

Sec. 3. As used in this chapter, "CNG vehicle" means any motor vehicle (as defined in 15-11-11-4) that is designed to operate:

- (1) on CNG alone; or
 - (2) on CNG alternately with another fuel source;
- in conformance with any applicable governmental or other

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1 nationally recognized safety or design standards, as determined
 2 under standards adopted by the office under section 8(1) of this
 3 chapter.

4 Sec. 4. As used in this chapter, "office" refers to the office of
 5 energy and defense development.

6 Sec. 5. As used in this chapter, "qualified purchase" refers to
 7 the purchase by a unit after June 30, 2009, of any of the following:

8 (1) One (1) or more CNG vehicles.

9 (2) One (1) or more CNG conversion kits, including any
 10 installation costs.

11 Sec. 6. As used in this chapter, "unit" means a county, city,
 12 town, township, or school corporation.

13 Sec. 7. (a) Subject to subsections (d) and (e), the office may
 14 award a grant under this chapter to a unit that makes a qualified
 15 purchase.

16 (b) Subject to subsection (c) and section 9 of this chapter, the
 17 amount of a grant that may be awarded under this chapter to a
 18 unit equals the amount determined under STEP FOUR of the
 19 following formula:

20 STEP ONE: Determine the product of:

21 (A) two thousand dollars (\$2,000); multiplied by

22 (B) the number of CNG vehicles purchased by the unit.

23 STEP TWO: For each CNG conversion kit purchased by the
 24 unit, determine the lesser of:

25 (A) two thousand dollars (\$2,000); or

26 (B) the actual cost of the CNG conversion kit;

27 STEP THREE: Determine the sum of all amounts determined
 28 under STEP TWO.

29 STEP FOUR: Add the amounts determined under STEPS
 30 ONE and THREE.

31 (c) In the guidelines adopted by the office under section 8(1) of
 32 this chapter, the office may limit the:

33 (1) number of CNG vehicles; or

34 (2) number of CNG conversion kits;

35 for which a unit may receive a grant under this chapter.

36 (d) A recipient of a grant awarded under this chapter must
 37 comply with any guidelines developed by the office in connection
 38 with grants awarded under this chapter.

39 (e) The office may not award more than one (1) grant under this
 40 chapter to any one (1) unit.

41 Sec. 8. The office shall do the following:

42 (1) Adopt guidelines to determine standards for awarding

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grants under this chapter, including standards for determining whether a CNG vehicle or a CNG conversion kit complies with applicable governmental or other nationally recognized standards.

(2) Prepare and supervise the issuance of information to units concerning the grant program established under this chapter.

(3) Prescribe the form for and regulate the submission of applications for grants under this chapter.

(4) Determine an applicant's eligibility for a grant under this chapter.

Sec. 9. The total amount of grants awarded under this chapter for all units may not exceed one million dollars (\$1,000,000).

Sec. 10. (a) The local unit CNG vehicle grant fund is established to provide grants under this chapter. The fund shall be administered by the office.

(b) The fund consists of:

(1) money appropriated to the fund by the general assembly;

(2) money received from state or federal grants or programs for alternative fuels projects; and

(3) donations, gifts, and money received from any other source, including transfers from other funds or accounts.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for purposes of this chapter.

(e) Money in the fund is continuously appropriated for the purposes of this chapter.

SECTION 3. IC 6-2.5-6-10.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 10.2. (a)** This section applies to reporting periods:

(1) beginning after June 30, 2009; and

(2) ending before July 1, 2022.

(b) As used in this section, "compressed natural gas" means a compressed natural gas product used in an internal combustion engine or a motor to propel a motor vehicle. The term includes all forms of fuel commonly or commercially known or sold as compressed natural gas.

(c) Notwithstanding section 10(c) of this chapter, for purposes of this section, "retail merchant" includes a retail merchant

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described in IC 6-2.5-4-5.

(d) Subject to subsection (e), in addition to the amounts a retail merchant is entitled to deduct and retain under sections 10 and 11 of this chapter, a retail merchant is entitled to deduct and retain from the amount of those taxes required to be remitted under this chapter, if timely remitted, an amount equal to the product of:

(1) eighteen cents (\$0.18); multiplied by

(2) the number of units of compressed natural gas sold at retail by the retail merchant during the reporting period for which the state gross retail and use tax payment is made.

(e) The total amount of deductions allowed under subsection (d) may not exceed one million dollars (\$1,000,000) for all retail merchants in all reporting periods. If the department determines that the sum of:

(1) the deductions that would otherwise be allowed under subsection (d) for a reporting period; plus

(2) the total amount of deductions granted under subsection (d) in all preceding reporting periods;

will exceed one million dollars (\$1,000,000), the department shall publish in the Indiana Register a notice that the deduction allowed under subsection (d) is terminated after the date specified in the notice and that no additional deductions will be granted for retail transactions occurring after the date specified in the notice.

(f) This section expires July 1, 2023.

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